

## Message Text

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PAGE 01 BRASIL 04797 111528Z

ACTION EB-07

INFO OCT-01 ARA-10 EUR-12 ISO-00 AGR-05 CIAE-00  
COME-00 INR-07 LAB-04 NSAE-00 EPG-02 SP-02 STR-04  
TRSE-00 FRB-03 OMB-01 AF-10 ITC-01 /069 W  
-----111533Z 038424 /44

P R 111445Z JUN 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 2183

INFO AMEMBASSY LONDON

AMEMBASSY BOGOTA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: EAGR, BR

SUBJ: COFFEE EXPORTS AND STOCKS

REF: (A) BRASILIA 1680

(B) BRASILIA 3029

1. SUMMARY. BRAZIL'S JANUARY-JUNE 1977 COFFEE EXPORTS ARE EXPECTED TO TOTAL 8.4 MILLION BAGS VALUED AT ABOUT 2.2 BILLION DOLLARS. COFFEE STOCKS AS OF JULY 1, 1977 ARE FORECAST AT SLIGHTLY BELOW 9 MILLION BAGS, WHICH DOES NOT INCLUDE COFFEE FROM THE HARVEST CURRENTLY UNDERWAY NOR COFFEE STORED IN IBC OVERSEAS WAREHOUSES. END SUMMARY

2. IN HIS JUNE 3 COMMENTS MADE AT THE GUARUJA COFFEE CONFERENCE, PRESIDENT GEISEL MENTIONED THAT JULY 1, 1977 COFFEE STOCKS WOULD BE QUOTE A LITTLE LESS THAN 9 MILLION BAGS. END QUOTE. HE ALSO MENTIONED THAT BRAZIL COFFEE YEAR 1976/77 (JULY 1, 1976-JUNE 30, 1977) EXPORTS WOULD TOTAL 17.2 MILLION BAGS.

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PAGE 02 BRASIL 04797 111528Z

3. ACCORDING TO OFFICIAL IBC EXPORT DATA, COFFEE EXPORTS DURING THE 11 MONTH PERIOD JULY 1976-MAY 1977 TOTALED 16.0 MILLION BAGS. BASED ON THE FORECAST OF 17.2 MILLION BAGS FOR THE 1976/77 YEAR, JUNE EXPORTS WILL BE ABOUT 1.2 MILLION BAGS.

4. EXPORTS OF 7.2 MILLION BAGS DURING JANUARY-MAY WERE VALUED AT 1.79 BILLION DOLLARS. EXPORTS OF 1.2 MILLION BAGS IN JUNE ARE EXPECTED TO RESULT IN ADDITIONAL EARNINGS OF ABOUT 400 MILLION DOLLARS, BRINGING THE TOTAL VALUE OF JANUARY-JUNE COFFEE EXPORTS TO ABOUT 2.2 BILLION DOLLARS.

5. THE JULY 1, 1977 STOCK ESTIMATE OF QUOTE A LITTLE LESS THAN 9 MILLION BAGS END QUOTE IS NOT CONSISTENT WITH OTHER STOCK ESTIMATES NOR WITH THE OFFICIAL IBC DECEMBER 31, 1976 STOCK ESTIMATE OF 21.2 MILLION BAGS. (REFTEL B.) STARTING FROM 21.2 MILLION BAGS AND SUBTRACTING JANUARY-JUNE EXPORTS OF 8.4 MILLION BAGS AND JANUARY-JUNE DOMESTIC CONSUMPTION OF 3.0 MILLION BAGS (IBC CONSUMPTION ESTIMATE) WOULD GIVE A JULY 1, 1977 STOCK FIGURE OF 9.8 MILLION BAGS.

6. AGATT BELIEVES THIS STOCK DISCREPANCY OF ABOUT ONE MILLION BAGS RESULTS FROM TWO FACTORS. FIRST, IBC COFFEE SHIPMENTS TO WAREHOUSES IN TRIESTE AND HONG KONG DO NOT APPEAR AS EXPORTS UNTIL THIS COFFEE IS ACTUALLY SOLD AND SHIPPED TO AN IMPORTER. INFORMATION FROM A VARIETY OF SOURCES INDICATES THAT SOME 600,000 BAGS HAVE BEEN SHIPPED TO THESE WAREHOUSES IN RECENT MONTHS. SECOND, AGATT BELIEVES IBC DOMESTIC CONSUMPTION ESTIMATE OF 3.0 MILLION BAGS FOR JANUARY-JUNE 1977 IS LOW BY SOME 400,000 BAGS.

7. IN HIS MARCH 1 MEETING WITH EMBASSY OFFICERS IBC PRESIDENT CALAZANS COMMENTED THAT SOME 750,000 BAGS OF COFFEE WERE STORED IN OVERSEAS WAREHOUSES (REFTEL A). HE ADDED THAT THESE ARE WORKING STOCKS AND THE WAREHOUSES WOULD PROBABLY BE LIMITED OFFICIAL USE

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PAGE 03 BRASIL 04797 111528Z

CLOSED BY THE END OF THE YEAR.

8. EMBASSY OFFICERS HAVE BEEN UNABLE TO OBTAIN REPORTS OF STOCKS IN THE IMBC OVERSEAS WAREHOUSES, AND THESE WAREHOUSES ARE NOT INCLUDED IN THE ICO STOCK VERIFICATION. TRADE ESTIMATES OF THESE STOCKS CURRENTLY RANGE FROM 500,000 TO 2 MILLION BAGS. CRIMMINS

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## Message Attributes

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